

IV—Introduction—Year-end Closing - Prepare Governmental Fund Reports

Chapter IV provides departments with step-by-step instructions on preparing the year-end financial reports for governmental cost funds. There are two options for preparing the year-end financial statements for governmental cost funds; departments can use either a "manual" or an "automated" process. Chapter IV-A describes the manual year-end statement process, which includes instructions on preparing Reports 1, 2, 3, 4, 5, and 15. Chapter IV-B provides the requirements and instructions for the automated year-end process, which includes electronically transmitting year-end reporting information to the State Controller's Office. To illustrate the two options, the report exhibits in Chapters IV-A and IV-B contain identical financial data for the same sample department.

A comparison of the manual and automated year-end processes is shown in Exhibit IV-1. A comparison of the required financial year-end statements is shown in Exhibit IV-2.

EXHIBIT IV-1
COMPARISON BETWEEN MANUAL AND AUTOMATED PROCESSES

STEP #	MANUAL PROCESS	AUTOMATED PROCESS
1	Post all accruals and special adjustments in FM 13.	Post all accruals and special adjustments in FM 13.
2	Prepare all final FM 13 reconciliations (SCO, Bank, ORF, GL for non-shared funds, and GL subsidiaries to Document File subsidiaries). Monitor control account (C) status for "overspending".	Prepare all final FM 13 reconciliations (SCO, Bank, ORF, GL for non-shared funds, and GL subsidiaries to Document File subsidiaries). Monitor control account (C) status for "overspending" using the reconciliations and a DB2 report.
3	Request the CALSTARS reports needed for year-end financial statements (G02, Q26, B06, G05).	Not applicable at this time.
4	Not applicable.	Request the DB3 (at Blank report period option) and the G02.
5	Not applicable.	Verify that the accounts and amount totals on the DB3 (GL Account Verification page) and the G02 reports agree with the final FM 13 reconciliations.
6	Not applicable.	Resolve edit messages on the DB3. Identify automated transaction codes (TC 751-TC 760) that need to be posted for Prepayments to ARF (Subsidiary 0602), adjustments to SCO, pending BRs, reimbursable encumbrances, and special reporting on fund level accruals for GL 3400, GL 3500 and GL 3730.
7	Not applicable.	Post automated year-end transaction codes in FM13. These entries only affect the DB3 report.
8	Not applicable.	Request final DB3 report at N report period option to identify any records that are not transmittable. Request final DB3 report at Blank report period option.

EXHIBIT IV-1 (Continued)
COMPARISON BETWEEN MANUAL AND AUTOMATED PROCESSES

STEP #	MANUAL PROCESS	AUTOMATED PROCESS
9	Not applicable at this time.	Request the remaining CALSTARS reports needed for year-end financial statements (G02, Q26, B06, G05). Complete the Q26 (Report 4).
10	Prepare Reports 1, 2, 3, 5, and 15 and complete the Q26 (Report 4). (See chapter IV-A).	Not applicable. ^{1/}
11	Prepare Reports 14, 22, the backup documentation for Report 3, and the certification letter (See chapter IV-A).	Prepare Reports 14, 22, the backup for adjustments to SCO, and the certification letter. Annotate the backup documentation to reference the Report 3 adjustments to SCO displayed on the CSYDB3-1 report.
12	Review year-end financial statements and sign the year-end certification letter.	Review year-end financial statements and sign the year-end certification letter.
13	Not applicable.	Transmit data to SCO through Command F.2
14	Not applicable.	Receive CALSTARS system generated reports, CSYDB3-x.
15	Assemble year-end package (Reports 1, 2, 3, 4, 5, 7, 8, 14, 15, 18, 19 and 22); make copies. ^{3/}	Assemble year-end package (including Reports 4, 6, 7, 8, 14, 18, 19, and 22); make copies. ^{1/, 2/, 3/}
16	Not applicable.	Add CSYDB3-1 report to year-end package.
17	Submit year-end package to SCO by deadline.	Submit year-end package to SCO by deadline.

^{1/} First year participants must also include Reports 1, 3, and 5. Reports 2 and 15 must be retained with the year-end statements.

^{2/} All automated year-end participants must submit Report 6 to the SCO.

^{3/} Submit only one copy of Reports 14 and 19 per department.

EXHIBIT IV-2
COMPARISON OF REQUIRED FINANCIAL YEAR-END STATEMENTS FOR GOVERNMENTAL COST FUNDS

REQUIRED MANUAL REPORTS	REQUIRED AUTOMATED REPORTS – FIRST YEAR PARTICIPANTS		REQUIRED AUTOMATED REPORTS – ONGOING PARTICIPANTS	
Report 1 – Report of Accruals to Controller's Accounts	Report 1 – Report of Accruals to Controller's Accounts		Not required	
Report 2 – Accrual Worksheet	Report 2 –Must be retained with year-end statements		Not required	
Report 3 – Adjustments to Controller's Accounts	Report 3 – Adjustments to Controller's Accounts		Not required	
Report 3 – Supporting documentation	Report 3 – Supporting documentation		Report 3 – Supporting documentation (annotated to CSYDB3-1)	
Report 4 – Final Statement of Revenue	Report 4 – Final Statement of Revenue		Report 4 – Final Statement of Revenue	
Report 5 – Final Reconciliation of Controller's Accounts with Final Budget Report	Report 5 – Final Reconciliation of Controller's Accounts with Final Budget Report		Not required	
Report 6 – Should be retained with year-end statements	Report 6 – Final Budget Report		Report 6 – Final Budget Report	
Report 7 – Pre-Closing Trial Balance	Report 7 – Pre-Closing Trial Balance		Report 7 – Pre-Closing Trial Balance	
Report 8 – Post-Closing Trial Balance (with subsidiaries)	Report 8 – Post-Closing Trial Balance		Report 8 – Post-Closing Trial Balance	
Report 14 – Report of Accounts Outside the Treasury System	Report 14 – Report of Accounts Outside the Treasury System	1	Report 14 – Report of Accounts Outside the Treasury System	1
Report 15 – Reconciliation of Agency Accounts with Transaction Per State Controller	Report 15 –Must be retained with year-end statements		Not required	
Report 18 – Statement of Changes in General Fixed Assets	Report 18 – Statement of Changes in General Fixed Assets		Report 18 – Statement of Changes in General Fixed Assets	
Report 19 – Statement of General Fixed Assets	Report 19 – Statement of General Fixed Assets	1	Report 19 – Statement of General Fixed Assets	1
Report 22 – Statement of Contingent Liabilities	Report 22 – Statement of Contingent Liabilities	2	Report 22 – Statement of Contingent Liabilities	2
Not required	CALSTARS CSYDB3-1 Report		CALSTARS CSYDB3-1 Report	

- 1 Submit only 1 statement per department (not per fund).
2 Submit 1 statement per fund.